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26 Corel Corporation and Corel Inc.

27 UNITED STATES DISTRICT COURT

28 NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE DIVISION

MICROSOFT CORPORATION,

Plaintiff,

vs.

COREL CORPORATION AND COREL INC.,

Defendants.

Case No. 5:15-cv-05836-EJD

**DEFENDANTS COREL CORPORATION  
AND COREL INC.'S NOTICE OF  
MOTION AND MOTION FOR PARTIAL  
SUMMARY JUDGMENT ON DEFENSE  
OF EXPRESS LICENSE**

Hearing Date: Oct. 6, 2016

Time: 9:00 a.m.

Ctrm: 4, 5<sup>th</sup> Floor

**NOTICE OF MOTION AND MOTION**

TO PLAINTIFF MICROSOFT CORPORATION:

PLEASE TAKE NOTICE THAT ON October 6, 2016 at 9:00 A.M., or as soon thereafter as the matter may be heard, in Courtroom 4, 5th Floor of the above-entitled Court located at 280 South 1st Street, San Jose, California, Defendants Corel Corporation and Corel Inc. (collectively “Corel”) will, and hereby do, move this Court for an order, pursuant to Fed. R. Civ. 56, granting partial summary judgment to Corel on its defense of Express License to Microsoft’s claim of infringement of U.S. Patent No. 5,510,980 (“the ‘980 patent”). Corel’s Motion for Partial Summary Judgment (“Motion”) is based upon this Notice of Motion, the supporting Memorandum and attached exhibits, the pleadings and records on file in this action, and such additional argument and evidence, both written and oral, as may be presented in connection with the hearing of this matter.

Corel requests the Court enter judgment as a matter of law for Corel on its defense of Express License against Plaintiff Microsoft Corporation on its Fifth Claim for Relief, Infringement of the ‘980 patent.

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	[REDACTED] .....	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED]	
	[REDACTED] .....	
	[REDACTED]	
	[REDACTED] .....	
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1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED]  
6 [REDACTED]  
7 [REDACTED]  
8 [REDACTED]  
9 **III. APPLICABLE LEGAL STANDARDS**

10 **A. Legal Standard for Summary Judgment**

11 Summary judgment should be granted “if the movant shows that there is no genuine dispute  
12 as to any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P.  
13 56(a). The moving party bears the burden of demonstrating the absence of a genuine issue of  
14 material fact. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 585 n.10 (1986). A  
15 genuine issue of material fact exists only where “the evidence is such that a reasonable jury could  
16 return a verdict in favor of the nonmoving party.” *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242,  
17 248 (1986)

18 **B. Legal Standard for Defense of Express License**

19 Title 35 of the United States Code states in pertinent part that: “whoever **without**  
20 **authority** makes, uses, offer to sell, or sells any patented invention, within the United States or  
21 imports into the United States any patented invention during the term of the patent, therefore,  
22 infringes the patent.” 35 U.S.C. § 271(a) (emphasis added). A license can provide that authority,  
23 and is therefore a complete defense to a claim of patent infringement. *Schering Corp. v. Roussel-*  
24 *UCLAF SA*, 104 F.3d 341, 343-44 (Fed. Cir. 1997); *McCoy v. Mitsubishi Cutlery, Inc.*, 67 F.3d  
25 917, 920 (Fed. Cir. 1995) (“A licensee, of course, has an affirmative defense to a claim of patent  
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1 infringement”). The scope of the license is governed by contract law. *McCoy*, 67 F.3d at 920  
 2 (quoting *Makkinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700, 703 (Fed. Cir. 1992).

3 As explained by the Federal Circuit, “a patent license agreement is in essence nothing  
 4 more than a promise by the licensor not to sue the licensee.” *TransCore, LP v. Elec. Transaction*  
 5 *Consultants Corp.*, 563 F.3d 1271, 1275-76 (Fed. Cir. 2009) (quoting *Spindelfabrik Suessen-*  
 6 *Schurr, Stahlecker & Grill GmbH v. Schubert & Salzer Maschinenfabrik Aktiengesellschaft*, 829  
 7 F.2d 1075, 1081 (Fed. Cir. 1987)). Thus, “[u]nder federal law there is no substantive difference  
 8 between an unconditional covenant not to sue and a nonexclusive license.” *Innovus Prime, LLC v.*  
 9 *Panasonic Corp.*, No. C-12-00660-RMW, 2013 U.S. Dist. LEXIS 93820, at \*13 (N.D. Cal. July  
 10 2, 2013) (quoting *TransCore* for proposition that the difference between a “covenant not to sue”  
 11 and a “license” is “only one of form, not substance—both are properly viewed as  
 12 ‘authorizations.’”).  
 13  
 14

#### 15 IV. STATEMENT OF RELEVANT FACTS

16 Microsoft’s original complaint includes as its Fifth Claim for Relief the allegation that  
 17 Corel has infringed the ‘980 patent. Doc. 1 ¶¶ 92-99. [REDACTED]  
 18 [REDACTED]  
 19 [REDACTED]  
 20 [REDACTED]  
 21 [REDACTED]  
 22 [REDACTED]

23 In July 2015 a company called Corel Software, LLC brought a patent infringement suit  
 24 against Microsoft in federal court in Utah. [REDACTED]  
 25 [REDACTED]  
 26 [REDACTED]  
 27 [REDACTED]  
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**V. ARGUMENT AND AUTHORITIES**

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[REDACTED]

On July 27, 2015, an entity called Corel Software, LLC sued Microsoft Corporation for patent infringement in the District of Utah. *See* Ex. C (Complaint filed in *Corel Software, LLC v Microsoft Corp.*, Case 2:15-cv-00528-JNP-PMW (D. Utah) (the “Utah case”)). [REDACTED]

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[REDACTED] Under New York law, “[w]here the intention of the parties may be gathered from the four corners of the instrument, interpretation of the contract is a question of law . . . no trial is necessary to determine the legal effect of the contract.” *Gen. Phx. Corp. v. Cabot*, 89 N.E.2d 238, 241 (N.Y. 1949). [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

While Corel Software, LLC has a similar name to Corel, and both are owned by the same private equity firm (Vector Capital), this is the extent of the relationship between the companies. Ex. E ¶ 5 (Nichols Decl.). Corel Software, LLC is not in any way owned or controlled, in whole or in part, by Corel or any subsidiaries. *Id.* Corel has no legal or contractual rights to cause Corel Software, LLC to enter into or be bound by any agreement, [REDACTED]

[REDACTED] None of Corel's officers or managers have any such rights. *Id.* [REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

**VI. CONCLUSION**

Accordingly, Corel respectfully requests the Court enter judgment for Corel on Microsoft's Fifth Claim for Relief as a matter of law.

DATED: May 23, 2016

BLANK ROME LLP

By: /s/ Keith A. Rutherford  
Keith A. Rutherford

Attorneys for Defendants  
Corel Corporation and Corel Inc.

Case Name: Microsoft Corporation v. Corel Corporation and Corel Inc.

Case Number: 5:15-cv-05836

### PROOF OF SERVICE

I, Sherri Brunner, am employed in the County of Harris, State of Texas. I am over the age of 18 years and not a party of the within action. My business address is 717 Texas Avenue, Suite 1400 Houston, Texas 77002.

On May 23, 2016, I served the foregoing DEFENDANTS COREL CORPORATION AND COREL INC.'S NOTICE OF MOTION AND MOTION FOR PARTIAL SUMMARY JUDGMENT ON DEFENSE OF EXPRESS LICENSE on the following interested parties in this action (Attorneys for Plaintiff Microsoft Corporation):

Frank Scherkenbach (CA SBN 142549) <a href="mailto:scherkenbach@fr.com">scherkenbach@fr.com</a> FISH & RICHARDSON P.C. One Marina Park Drive Boston, MA 02210-1878 Telephone: (617) 542-5070 Facsimile: (617) 542-8906	John W. Thornburgh (CA SBN 154627) <a href="mailto:thornburgh@fr.com">thornburgh@fr.com</a> Olga I. May (CA SBN 232012) <a href="mailto:omay@fr.com">omay@fr.com</a> FISH & RICHARDSON P.C. 12390 El Camino Real San Diego, CA 92130 Telephone: (858) 678-5070 Facsimile: (858) 678-5099
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E-Mail Address for Service on All Counsel:	MS/CorelNDCAFRService@fr.com

### VIA MAIL

[ ] By placing a true copy thereof enclosed in a sealed envelope(s), addressed as above, and depositing each envelope(s), with postage thereon fully prepaid, in the mail at Houston, Texas.

### VIA E-MAIL OR ELECTRONIC TRANSMISSION

1 [ X ] Based on a court order or an agreement of the parties to accept service by e-mail or  
2 electronic transmission, I caused the documents to be sent to the persons at the email  
3 addresses listed above. I did not receive, within a reasonable time after the transmission,  
any electronic message or other inclination that the transmission was unsuccessful.

4 **PROOF OF SERVICE VIA HAND DELIVERY**

5 [ ] (By Personal Service) I caused such envelope to be hand delivered to the offices of the  
addressee.

6 [ ] (Federal) I declare under penalty of perjury that the foregoing is true and correct, and that  
7 I am employed in the office of a member *pro hac vice* of the bar of this Court at whose  
8 direction the service was made.

9 **Executed on May 23, 2016**

/s/ Sherri Brunner

Sherri Brunner